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STATE FOR A/S PRM, PRM/P, EUR/WE, SA/PAB AND IO/D
USAID FOR A/AID, AA/DCHA, AA/ANE, DCHA/FFP, PPC/DP, PPC/DC
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USDA/FAS FOR MCHAMBLISS/GAINOR
GENEVA FOR RMA AND NKYLOH/USAID
BRUSSELS FOR KFULLER AND KDEBLAW
USUN FOR LSHESTACK
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SUBJECT: WFP POST-DELIVERY LOSSES IN BANGLADESH

SUMMARY

1. IN BANGLADESHI PORTS DURING 2001, WFP SUSTAINED POST-DELIVERY LOSSES OF 2,824 METRIC TONS (VALUED AT USD 343,388). WFP HAS INSTITUTED A POLICY (CONTAINED IN ITS 2001-2005 COUNTRY PROGRAM OPERATIONAL CONTRACT WITH THE GOB) WHICH STIPULATES THAT FOR BULK WHEAT SHIPMENTS LANDED QUANTITIES WILL EQUAL BILL OF LADING QUANTITIES AS CONFIRMED BY DRAFT AND LIGHTER SURVEYS. ON ENDEMIC LOSSES, A TASK FORCE COMPOSED OF THE GOB AND FOUR MAJOR DONORS IS UNDERTAKING A FOUR-MONTH ANALYTICAL STUDY OF THE COMMODITY LEAKAGE PROBLEM, WITH A FINAL REPORT WITH RECOMMENDATIONS TO REDUCE LEAKAGES DUE IN EARLY 2003. END SUMMARY.

BACKGROUND

2. IN MAY 2001, THE WFP SECRETARIAT INFORMED OF A MAJOR
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DIALOGUE WITH FOOD AID DONORS (U.S., CANADA, OTHERS) TO ADDRESS THE PROBLEM OF SUSPECTED FOOD LEAKAGES TO NON-TARGETED BENEFICIARIES THROUGH UNAUTHORIZED DISTRIBUTION CHANNELS. WFP'S INITIAL MISGIVINGS CAME FROM A 1997 REQUEST IT MADE TO THE INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE (IFPRI) TO CARRY OUT A PRELIMINARY STUDY TO INVESTIGATE THE MAGNITUDE OF THE PROBLEM OF FOOD AID LEAKAGES AND DEVELOP A MONITORING METHODOLOGY. IN 1998 A COMPREHENSIVE FOOD COMMODITY TRACKING SYSTEM APPRAISAL WAS CARRIED OUT. IN 1999, THE WFP COUNTRY OFFICE ESTABLISHED A FOOD TRANSPORT AND STORAGE MONITORING UNIT. SINCE THEN, EFFORTS HAVE BEEN MADE TO INFORM VULNERABLE GROUP AND EMERGENCY OPERATION BENEFICIARIES, AS WELL AS THE PUBLIC AT LARGE, OF THEIR RIGHTS AND ENTITLEMENTS RELATED TO RATIONS.

3. IN 2001, WITH THE ASSISTANCE OF THE GERMAN AGENCY FOR TECHNICAL COOPERATION (GTZ), THE WFP COUNTRY OFFICE DESIGNED A MONITORING AND EVALUATION (M&E) SYSTEM, WHICH WFP HAS REPORTEDLY INTRODUCED ON A SYSTEMATIC BASIS IN ALL ITS ACTIVITIES. SIX SUB-OFFICES HAVE BEEN ESTABLISHED USING 31 FIELD MONITORS. IN THE VULNERABLE GROUP DEVELOPMENT ACTIVITY, THE FIRST THREE OF A PLANNED FORTY WHEAT FLOUR MILLING AND FORTIFICATION PLANTS BEGAN OPERATING IN MARCH 2002, PROVIDING FORTIFIED WHEAT FLOUR TO BENEFICIARIES IN SEALED BAGS, THUS REDUCING THE RISK OF LEAKAGE.

PORT LOSSES

4. WFP HAS ENGAGED ON A TEMPORARY BASIS A PORT CAPTAIN WHO
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HAS RECOMMENDED THAT WFP ONLY USE ONE DISCHARGE PORT IN FUTURE (CHITTAGONG), AND EMPLOYMENT OF COASTAL LIGHTERS TO FORWARD FREIGHT NEEDED IN MONGLA PORT. LIMITING THE USE OF MONGLA IS DUE TO PAST SIGNIFICANT LOSSES EXPERIENCED WITH BULK WHEAT, OWING MAINLY TO WASTAGE DURING LIGHTERING OF BULK COMMODITIES FROM LARGE VESSELS.

COMMENT

5. EVERY CASE OF COMMODITY HEMORRHAGING IN TODAY'S CONSTRAINED BUDGETARY ENVIRONMENT HAS TO BE SWIFTLY AND VIGOROUSLY ADDRESSED. SUSPECTED FOOD LEAKAGES BOTH IN BANGLADESHI PORTS AND TO NON-TARGETED BENEFICIARIES THROUGH UNAUTHORIZED DISTRIBUTION CHANNELS HAVE CONSTITUTED A LONG-

TERM PROBLEM FOR THE WFP PROGRAM. IT IS EXPECTED THAT THE
WFP-DONOR STUDY WILL INDUCE THE GOVERNMENT OF BANGLADESH TO
TAKE THE REMEDIAL ACTIONS NECESSARY TO EFFECTIVELY END
LOSSES ASSOCIATED WITH WFP EFFORTS IN BANGLADESH. HEILEMAN

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